

# HB349 INTRODUCED



1 HB349  
2 XCK2ZZE-1  
3 By Representative Lomax  
4 RFD: Economic Development and Tourism  
5 First Read: 21-Mar-24



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SYNOPSIS:

This bill would authorize counties and municipalities to authorize the incorporation of an innovation district within the county or municipality as a public corporation for the purpose of undertaking activities or acquiring property by the district, and using public revenues for the establishment, benefit, or support of qualified enterprises, as designated by the Department of Commerce, through public revenues.

This bill would provide procedures for the creation and dissolution of an innovation district.

This bill would provide for the powers of an innovation district, and provide for the powers of the board of directors of an innovation district.

This bill would exempt districts from fees and charges imposed by a judge of probate and from taxation.

This bill would exempt districts from competitive bid laws and from other specified state oversight.

A BILL  
TO BE ENTITLED  
AN ACT



## HB349 INTRODUCED

29

30           Relating to economic development; to provide for the  
31 establishment of public corporations known as districts to  
32 support certain economic development activities using public  
33 revenues; to provide for the creation and dissolution of  
34 districts; to provide the powers of districts and the powers  
35 and duties of the board of directors of districts; to exempt  
36 districts from certain laws and requirements, including  
37 taxation and competitive bid laws.

38 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

39           Section 1. Definitions.

40           When used in this act, the following terms have the  
41 following meanings unless the context clearly indicates  
42 otherwise:

43           (1) APPLICANT. Each natural person who has executed and  
44 filed a written application with the governing body of any  
45 subdivision for the incorporation of an innovation district.

46           (2) AUTHORIZING RESOLUTION. A resolution adopted by a  
47 governing body to authorize the incorporation of an innovation  
48 district.

49           (3) AUTHORIZING SUBDIVISION. Any county or municipality  
50 the governing body of which has adopted an authorizing  
51 resolution.

52           (4) BOARD. The board of directors of an innovation  
53 district.

54           (5) CORPORATE PERSON. Any corporation, partnership,  
55 association, or organization which may be incorporated or  
56 organized under any chapter of Title 10 of the Code of Alabama



## HB349 INTRODUCED

57 1975, or under the laws of any state of the United States.

58 (6) DIRECTOR. A member of the board of directors of the  
59 district.

60 (7) DISTRICT. A public corporation incorporated  
61 pursuant to this act.

62 (8) ELIGIBLE TAX. Any tax levied within an innovation  
63 district by an authorizing subdivision the proceeds of which  
64 tax may be used by the authorizing subdivision for any lawful  
65 purpose without violation of any contractual agreement, the  
66 terms of the ballot by which the tax was voted, any state law  
67 or provision of the state constitution, or any order or ruling  
68 of any agency, branch, department, or instrumentality of the  
69 state or the United States.

70 (9) FINANCIAL OBLIGATION. Any contractual obligation of  
71 any person, whether direct, indirect, or contingent, to pay or  
72 provide money to, or for the benefit of, any person or  
73 persons, as evidenced by any agreement or instrument,  
74 including, but not limited to, any bond, certificate, economic  
75 incentive grant agreement, funding or guaranty agreement,  
76 installment sale agreement, lease agreement, negotiable  
77 instrument, note, or warrant.

78 (10) GOVERNING BODY. The elected group of natural  
79 persons which is organized for the purposes of exercising the  
80 legislative functions and powers of a public person.

81 (11) NATURAL PERSON. A natural person who is 21 years  
82 of age or older.

83 (12) PERSON. Collectively, corporate persons, natural  
84 persons, and public entities.



## HB349 INTRODUCED

85 (13) PRINCIPAL OFFICE. The principal office of an  
86 innovation district as stated in the certificate of  
87 incorporation.

88 (14) PROJECT. Any activity undertaken, or property  
89 acquired or provided in whole or in part, by an innovation  
90 district for the establishment, benefit, or support of a  
91 qualified enterprise.

92 (15) PROPERTY. Any tangible or intangible property and  
93 interests therein, including all property characterized under  
94 state law as real, personal, or mixed.

95 (16) PUBLIC CORPORATION. Any public corporation  
96 organized under the laws of the state.

97 (17) PUBLIC ENTITY. Any county, municipality, public  
98 corporation, or any political subdivision, or other  
99 instrumentality, of the state.

100 (18) QUALIFIED ENTERPRISE. Any activity, business, or  
101 trade that is:

102 a. Identified in the Alabama Department of Commerce's  
103 most recent economic development plan; or

104 b. Determined by a board to conduct operations in  
105 furtherance of the legislative purposes of this act.

106 (19) SPECIAL PUBLIC REVENUES. Any funds or revenues of  
107 an authorizing subdivision, including, but not limited to, the  
108 proceeds of any eligible tax, which funds, revenues, or tax  
109 proceeds shall be assigned or pledged, in whole or in part, by  
110 the authorizing subdivision for the benefit of an innovation  
111 district as provided in the authorizing resolution of the  
112 authorizing subdivision with respect to, and described in, the



## HB349 INTRODUCED

113 certificate of incorporation of the district.

114 (20) SUBDIVISION. Any county or municipality.

115 Section 2. Legislative Findings and Intent.

116 (a) The Legislature finds and determines the public  
117 good and welfare and the economy of the state are best served  
118 by the exercise of the police power of the Legislature to  
119 provide public resources for the development, growth,  
120 improvement, and support of new and creative economic  
121 opportunities for existing and future qualified enterprises to  
122 establish and continue projects in this state for innovative  
123 processes and products, specifically including those business  
124 sectors expressly identified in Accelerate Alabama 2.0, the  
125 economic development strategic plan developed by the  
126 Department of Commerce.

127 (b) In furtherance of subsection (a) the legislative  
128 intent and public purpose of this act is:

129 (1) To provide authority to municipalities and counties  
130 for the creation of districts with corporate authority and  
131 power to provide, in the discretion of the districts, public  
132 resources, including, without limitation, special public  
133 revenues, on a continuing basis to qualified enterprises for  
134 the location, development, support, and continuation of  
135 projects in the state; and

136 (2) To provide authority to public entities to provide  
137 public resources to, or for the benefit of, districts.

138 Section 3. Incorporation and Organization of an  
139 innovation district; Certificate of Incorporation.

140 (a) The governing body of any subdivision, or the



## HB349 INTRODUCED

141 governing bodies of any two or more subdivisions, may  
142 authorize the incorporation and organization of an innovation  
143 district as a public corporation of the state, with powers set  
144 forth in this act, for the purpose of establishing or  
145 undertaking any project.

146 (b) In order to incorporate and organize an innovation  
147 district, not less than three natural persons who are duly  
148 qualified electors of a proposed authorizing subdivision shall  
149 file a written application with the governing body of each  
150 proposed authorizing subdivision. The application shall:

151 (1) State that the applicants propose to incorporate an  
152 innovation district pursuant to this act;

153 (2) State the name of each subdivision with which the  
154 application is filed;

155 (3) State that each of the applicants is a duly  
156 qualified elector of a proposed subdivision;

157 (4) Attach the proposed certificate of incorporation of  
158 the proposed district and state that the proposed certificate  
159 of incorporation is attached to the application and made a  
160 part thereof; and

161 (5) Request the governing body of each proposed  
162 subdivision to adopt a resolution declaring that it is wise,  
163 expedient, and necessary that the proposed district be formed,  
164 that the proposed certificate of incorporation of the district  
165 be approved, and that the applicants are authorized and  
166 directed to proceed to form the proposed district by the  
167 filing for record of a certificate of incorporation in  
168 accordance with the provisions of this act.



## HB349 INTRODUCED

169 (c) The certificate of incorporation of an innovation  
170 district shall state all of the following:

171 (1) The names of the individuals forming the district,  
172 and that each of them is a duly qualified elector of an  
173 authorizing subdivision.

174 (2) The name of the district, which may be a name  
175 indicating in a general way the area proposed to be included  
176 within or served by the district and shall include the words  
177 " \_\_\_\_\_ Innovation District," or "The Innovation District  
178 of \_\_\_\_\_," the blank spaces to be filled in with the  
179 name of the authorizing subdivisions or other geographically  
180 descriptive word or words, such descriptive word or words not,  
181 however, to preclude the district from locating facilities or  
182 otherwise exercising its powers in other geographical areas.

183 (3) That the district is organized pursuant to the  
184 provisions of this act.

185 (4) The name of each authorizing subdivision together  
186 with the date on which the governing body thereof adopted an  
187 authorizing resolution.

188 (5) The period for the duration of the district, which  
189 may be perpetual subject to the provisions of this act.

190 (6) The location of the principal office of the  
191 district, which must be within the boundaries of an  
192 authorizing subdivision.

193 (7) The number of members, which must be an odd number  
194 not less than three, of the board of directors of the  
195 district, with each director to hold a place on the board,  
196 which may be designated by number in consecutive order, and





## HB349 INTRODUCED

197 for each such place the duration of the term of office, which  
198 shall not be in excess of six years, for the director holding  
199 such place, and, subject to the provisions of this act, the  
200 person or persons, which may include any natural person, any  
201 corporate person, any public entity, or the state, having the  
202 authority and power of appointment of the director holding  
203 such place; provided, however, a majority of the directors of  
204 the district must be appointed by one or more of the  
205 authorizing subdivisions. Additionally, the certificate of  
206 incorporation may allow for the Alabama Innovation Corporation  
207 to appoint a single, non-voting director who shall not count  
208 towards the establishment of a quorum.

209 (8) The terms of any prohibition, limitation, or  
210 condition with respect to the exercise of any authority or  
211 power of the district.

212 (9) Any provision that provides for the vesting of  
213 title to its property upon dissolution of the district which  
214 must not be in violation of this act or other state law.

215 (10) That the district shall be a nonprofit corporation  
216 and no part of its net earnings remaining after payment of its  
217 expenses shall inure to the benefit of any individual, firm,  
218 or corporation.

219 (11) Any other provision that:

220 a. Describes any special public revenues that have been  
221 pledged or assigned to the district by an authorizing  
222 subdivision in the authorizing resolution; and

223 b. May be required to be included in the certificate of  
224 incorporation by an authorizing subdivision in the authorizing



## HB349 INTRODUCED

225 resolution and which must not be in violation of this act or  
226 any other state law.

227 (d) (1) The governing body of a subdivision with which  
228 an application is filed pursuant to this act, as promptly as  
229 practicable, shall review the application and the attached  
230 form of certificate of incorporation and thereupon, at any  
231 regular or special meeting called and held in accordance with  
232 state law, either adopt a resolution denying the application  
233 or adopt an authorizing resolution in which the governing body  
234 declares that it is wise, expedient, and necessary that the  
235 proposed district be formed, approve the form and content of  
236 its certificate of incorporation, and authorize and direct the  
237 applicants to proceed to form the proposed district by the  
238 filing for record of the proposed certificate of incorporation  
239 in accordance with this act.

240 (2) The governing body of each subdivision that has  
241 adopted an authorizing resolution shall cause the resolution  
242 to be made a part of the minutes and record of the meeting of  
243 the governing body during which the authorizing resolution was  
244 adopted.

245 (3) An authorizing resolution shall operate and be  
246 construed only as historical and evidential. An authorizing  
247 resolution shall not operate or be construed as of general and  
248 permanent nature or operation, may be adopted at the same  
249 meeting at which it is introduced, and shall be effective  
250 immediately upon adoption without posting or publication by  
251 any electronic, printed, or other means.

252 (e) As soon as practicable after the adoption of an



## HB349 INTRODUCED

253 authorizing resolution by each authorizing subdivision, the  
254 applicants shall do all of the following:

255 (1) Execute and acknowledge the certificate of  
256 incorporation as approved by each of the authorizing  
257 subdivisions before an officer authorized by law to take  
258 acknowledgments to deeds.

259 (2) Attach to the certificate of incorporation both of  
260 the following:

261 a. A certified copy of each authorizing resolution.

262 b. A certificate by the Secretary of State stating that  
263 the name proposed for the district is not identical to that of  
264 any other corporation organized under state law or so nearly  
265 similar as to lead to confusion and uncertainty.

266 (3) File the certificate of incorporation for record in  
267 the office of the judge of probate of the county in which the  
268 principal office of the district is to be located.

269 (f) Upon the filing for record of the certificate of  
270 incorporation, the district shall come into existence and  
271 shall constitute a public corporation under the name set forth  
272 in the certificate of incorporation, whereupon the district  
273 shall be vested with all authority, powers, and rights granted  
274 by this act, and the judge of probate shall send a notice to  
275 the Secretary of State that the certificate of incorporation  
276 of the district has been filed for record.

277 (g) The certificate of incorporation of any district  
278 may be amended in the following manner:

279 (1) The board shall first adopt a resolution proposing  
280 an amendment to the certificate of incorporation which must be



## HB349 INTRODUCED

281 set forth in full in the resolution. The amendment may include  
282 any matters that may have been included in the original  
283 certificate of incorporation.

284 (2) After the adoption by the board of a resolution  
285 proposing an amendment to the certificate of incorporation of  
286 the district, the chair of the board and the secretary of the  
287 district shall sign and file a written application in the name  
288 of and on behalf of the district with the governing body of  
289 each authorizing subdivision, requesting the governing body to  
290 adopt a resolution approving the proposed amendment, and  
291 accompanied by a certified copy of the resolution adopted by  
292 the board proposing the amendment to the certificate of  
293 incorporation, together with documents in support of the  
294 application as the chair considers appropriate.

295 (3) As promptly as practicable after the filing of the  
296 application with the authorizing subdivision, the governing  
297 body shall review the application and shall either adopt a  
298 resolution denying the application or adopt a resolution  
299 authorizing the proposed amendment. The governing body of each  
300 subdivision that has adopted a resolution approving the  
301 amendment shall cause the resolution to be made a part of the  
302 minutes and record of the meeting of the governing body during  
303 which the resolution was adopted. A resolution approving an  
304 amendment shall operate and be construed only as historical  
305 and evidential. An authorizing resolution shall not operate or  
306 be construed as of general and permanent nature or operation,  
307 may be adopted at the same meeting at which it is introduced,  
308 and shall be effective immediately without posting or



## HB349 INTRODUCED

309 publication by any electronic, printed, or other means.

310 (4) As soon as practicable after the adoption of a  
311 resolution approving the amendment by each authorizing  
312 subdivision, the chair of the board of the district and the  
313 secretary of the district shall sign and file for record in  
314 the office of the judge of probate with which the certificate  
315 of incorporation of the district was originally filed a  
316 certificate in the name of and on behalf of the district  
317 reciting the adoption of the respective resolutions by the  
318 board and by the governing body of each authorizing  
319 subdivision, setting forth the proposed amendment. The judge  
320 of probate for the county shall thereupon record the  
321 certificate in an appropriate book in his or her office. When  
322 the certificate has been so filed and recorded, the amendment  
323 shall become effective and the certificate of incorporation  
324 shall thereupon be amended to the extent provided in the  
325 amendment. No certificate of incorporation of an innovation  
326 district shall be amended except in the manner provided in  
327 this section.

328 Section 4. Board of Directors of District.

329 (a) Each district shall be governed by a board of  
330 directors that shall exercise, or authorize the exercise of,  
331 all powers of the district.

332 (b) The board of each district shall consist of the  
333 number of directors provided in the certificate of  
334 incorporation.

335 (c) Any natural person may serve on the board of an  
336 innovation district without regard to whether the natural



## HB349 INTRODUCED

337 person is a resident, owner of property, taxpayer, or elector  
338 in or of any authorizing subdivision or the state; provided,  
339 however, board membership shall be inclusive and reflect the  
340 racial, gender, geographic, and economic diversity of the  
341 district.

342 (d) Each director of the district shall hold a place on  
343 the board and shall be appointed for the term of the place by  
344 the person or persons, which may include the board, any  
345 natural person, any corporate person, any public entity, or  
346 the state, having the authority and power of appointment of  
347 the director for the place, as provided in the certificate of  
348 incorporation of the district; provided, however, anything in  
349 this act to the contrary notwithstanding, a majority of the  
350 directors of the district must be appointed by one or more of  
351 the authorizing subdivisions. Except as may be otherwise  
352 provided in the certificate of incorporation of an innovation  
353 district, an officer or employee of any authorizing  
354 subdivision shall be eligible for appointment and may serve as  
355 a member of the board for the first to expire of the term for  
356 which the officer is appointed or the term thereof as an  
357 officer of the authorizing subdivision.

358 (e) Each director may hold a place on the board for  
359 successive terms without limit. If at the expiration of any  
360 term of office of any director a successor has not been  
361 appointed, the director whose term of office expired shall  
362 continue to hold office until the successor is appointed by  
363 the person or persons having the appointive power for the  
364 place of that director. If at any time there is a vacancy on



## HB349 INTRODUCED

365 the board, whether by death, resignation, incapacity,  
366 disqualification, or otherwise, a successor director to serve  
367 for the unexpired term applicable to the vacancy shall be  
368 elected or appointed by the person or persons who appointed  
369 the predecessor director.

370 (f) Each director shall serve as such without  
371 compensation but shall be reimbursed for expenses actually  
372 incurred by the director while conducting his or her official  
373 duties.

374 (g) The board may hold regular and special meetings as  
375 the board determines or as provided in the bylaws of the  
376 board. Any member of the board, any provision of law to the  
377 contrary notwithstanding, may attend and participate in, and  
378 constitute part of the quorum for, any regular or special  
379 meeting of the board in person or by means of telephone  
380 conference, video conference, or similar communications  
381 equipment that allows all participants in the meeting to hear  
382 each other at the same time; provided, every meeting shall  
383 have one physical location available in an authorizing  
384 subdivision for individuals wishing to be physically present,  
385 and any vote taken at a meeting using the foregoing  
386 communication equipment shall be taken by roll call vote that  
387 allows each participant to vote individually in a manner  
388 audible to all participants. The board may take any action at  
389 any regular or special meeting. A majority of the directors  
390 present, in person or by electronic or telephonic  
391 communications, at a meeting shall constitute a quorum for the  
392 exercise of any authority or power of the board. Any meeting



## HB349 INTRODUCED

393 of the board may be adjourned from time to time by a majority  
394 of the directors present or may be so adjourned by a single  
395 director if the director is the only director present at the  
396 meeting. No vacancy in the membership of the board or the  
397 voluntary disqualification or abstention of any member of the  
398 board shall impair the right of a quorum to exercise all the  
399 powers and perform all the duties of the board at a regular or  
400 special meeting. The secretary of the district shall reduce to  
401 writing and maintain in a permanent record all proceedings and  
402 resolutions of the board. Copies of the proceedings, when  
403 certified by the secretary of the district, shall be received  
404 in all courts as prima facie evidence of the matters and  
405 things therein certified.

406 (h) The determinations set forth in a resolution of the  
407 board, including the determination that an activity, facility,  
408 or undertaking, or application of funds or tax proceeds,  
409 including any special public revenues, under control of the  
410 board constitutes a "project" or are otherwise in furtherance  
411 of the purposes of this chapter, shall constitute a  
412 legislative act by the board under state law to the same  
413 extent as would similar action by a subdivision and shall be  
414 subject to judicial review as provided and limited by law for  
415 judicial review of legislative acts and determinations by a  
416 subdivision.

417 (i) If a matter comes before the board with respect to  
418 which any director, any related party, including a sibling,  
419 spouse, or lineal descendant, or any business enterprise with  
420 which the director is associated, has any direct or indirect





## HB349 INTRODUCED

421 pecuniary interest, the director shall immediately disclose  
422 the interest to the board and remove himself or herself and  
423 withdraw from the meeting prior to the consideration,  
424 deliberation, and voting on the matter by the board.

425 (j) The district and the directors, officers,  
426 employees, and agents of the district shall have the same  
427 immunity from liability as a municipality and its officers,  
428 employees, and agents. No action or suit shall be brought or  
429 maintained against the district or any director thereof for or  
430 on account of the negligence of the district or director or  
431 the district's or director's agents, servants, or employees,  
432 relating to the construction, acquisition, installation,  
433 maintenance, operation, superintendence, or management of any  
434 project or facility of the district. No civil action may be  
435 maintained against an appointing subdivision, its officers,  
436 servants, employees, or agents relating to an innovation  
437 district's acquisition, construction, ownership, maintenance,  
438 operation, or management of any project, facility, or other  
439 improvement.

440 (k) Any director may be removed from office in the same  
441 manner and on the same grounds provided in the state  
442 constitution and the general laws of the state for impeachment  
443 and removal of officers.

444 Section 5. Officers of District.

445 The officers of an innovation district shall consist of  
446 a chair, a vice chair, a secretary, a treasurer, and such  
447 other officers as its board deems necessary or desirable. The  
448 offices of secretary and treasurer may be held by the same



## HB349 INTRODUCED

449 individual. The chair and vice chair of an innovation district  
450 shall be elected by the board from the board membership. The  
451 secretary, the treasurer, and any other officers of the  
452 district may but need not be members of the board and shall  
453 also be elected by the board. The chair, vice chair, and  
454 secretary of the district shall also be the chair, vice chair,  
455 and secretary of the board, respectively.

456 Section 6. Powers of District.

457 Each district shall have all of the following stated  
458 powers together with all powers incidental to these powers and  
459 necessary to effect the proper exercise of the district:

460 (1) To have succession in its corporate name for the  
461 duration of the district specified in the certificate of  
462 incorporation.

463 (2) To sue and be sued in its own name in civil suits  
464 and actions and to defend suit against the district.

465 (3) To adopt and make use of a corporate seal and to  
466 alter the seal as necessary.

467 (4) To adopt, alter, and repeal bylaws, regulations,  
468 and rules, not inconsistent with the provisions of this act,  
469 for the regulation and conduct of its affairs and business.

470 (5) Notwithstanding Chapter 1B of Title 18 of the Code  
471 of Alabama 1975, to acquire real property, whether by gift,  
472 purchase, transfer, foreclosure, lease, devise, exercise of  
473 the power of eminent domain in the manner provided by law,  
474 including, Chapter 1A of Title 18 of the Code of Alabama 1975,  
475 or otherwise, and to construct, improve, operate, maintain,  
476 equip, and furnish the property and interests in property as



## HB349 INTRODUCED

477 the board determines to be necessary for the purposes of the  
478 district, which property may be located in any subdivision in  
479 the state without regard to whether the subdivision is an  
480 authorizing subdivision with respect to the district;  
481 provided, however, the district shall not be authorized to  
482 condemn any property or interests in property held by  
483 utilities or other entities engaged in the generation,  
484 transmission, or distribution of communications, gas,  
485 electricity, water, sewer, or other utility products or  
486 services.

487 (6) To lease all or any part of any property upon such  
488 terms and conditions as its board determines necessary or  
489 desirable.

490 (7) To convey any property of the district with or  
491 without valuable consideration as the board shall determine.

492 (8) To enter into a management contract or contracts  
493 with any person or persons of all or any part of its property  
494 as may in the judgment of such district be necessary or  
495 desirable in order to perform more efficiently or economically  
496 any function for which the district may become responsible in  
497 the exercise of the powers conferred upon it by this act.

498 (9) To procure insurance against any loss in connection  
499 with its property and other assets in such amounts and from  
500 such insurers as its board determines to be necessary or  
501 desirable.

502 (10) To fix and revise, and charge and collect, fees,  
503 licenses, rates, and rentals for services rendered by the  
504 district, or for the use of any property of the district, and



## HB349 INTRODUCED

505 to apply the proceeds thereof for any lawful purpose of the  
506 district.

507 (11) To the extent authorized or permitted by the state  
508 constitution, to grant, lend, or donate, or otherwise make  
509 available to any person or persons any funds, money, revenues,  
510 including, but not limited to, any special public revenues, or  
511 other property of the district upon such terms as the board  
512 shall determine.

513 (12) To the extent authorized or permitted by the state  
514 constitution, to assume, incur, or issue any financial  
515 obligation or financial obligations for any lawful purpose, as  
516 more particularly provided in this act.

517 (13) To pledge for the benefit of any financial  
518 obligation of the district any revenues, including, but not  
519 limited to, any special public revenues or proceeds of any  
520 special tax to which it may be entitled, from which the  
521 financial obligation is payable, and to mortgage or pledge its  
522 property and revenues, or any portion thereof, as further  
523 provided in this act.

524 (14) To assume obligations secured by a lien on, or  
525 secured by and payable out of or secured by a pledge of, any  
526 property or part thereof or the revenues derived from any  
527 property that may be acquired by the district.

528 (15) To make, enter into, and execute contracts,  
529 agreements, leases, and other instruments, and to take such  
530 other actions as may be necessary or convenient to accomplish  
531 any purpose for which the district was organized or to  
532 exercise any power granted under this act.



## HB349 INTRODUCED

533           (16) To enter into contracts with, to accept aid,  
534 loans, and grants from, to cooperate with, and to take any  
535 action not specifically prohibited by this act or other  
536 applicable laws of the state that may be necessary in order to  
537 obtain or secure the aid and cooperation of the United States,  
538 the state, or any agency, department, instrumentality, or  
539 political subdivision of either in furtherance of the purposes  
540 of this act.

541           (17) To apply for, accept, receive, apply, disburse,  
542 expend, and use to accomplish the purposes of this chapter any  
543 money, property, labor, or other things of value, from any  
544 source, including, without limitation, the state, any public  
545 entity, and the United States, subject to any lawful condition  
546 upon which the aid or contributions may be given or made.

547           (18) To abate, eliminate, or reduce the liability of  
548 any taxpayer for the payment of any one or more of the  
549 eligible taxes pursuant to such agreements, instruments, or  
550 proceedings as the district determines shall be effective.

551           (19) To appoint, employ, contract with, and provide for  
552 compensation of the employees and agents of the district  
553 including, but not limited to, architects, engineers,  
554 attorneys, accountants, investment advisors and financial  
555 experts, fiscal agents, and such other advisors, consultants,  
556 and agents as the board determines to be necessary or  
557 desirable.

558           (20) To invest its monies, including, but not limited  
559 to, the monies held in any special fund created pursuant to  
560 any trust indenture or agreement or resolution securing any of



## HB349 INTRODUCED

561 its financial obligations and proceeds from the sale of any  
562 financial obligations not required for immediate use, in such  
563 investments as are authorized by the laws of the state for the  
564 investment of funds and money of a municipality.

565 (21) To acquire, create, establish, operate, or  
566 support, or to participate as a member of, any corporate  
567 person that will assist the district in, or which otherwise  
568 has as a purpose of accomplishing the purposes of this act,  
569 including, but not limited to, the support of any corporate  
570 person by means of grants or loans of property or the issuance  
571 of financial obligations for the benefit the corporate person.

572 (22) To exercise any authority or power that is granted  
573 by state law to any public or private corporation which is not  
574 in conflict with the purposes of this act.

575 (23) To do any and all things necessary or convenient  
576 to carry out its purposes and to exercise its powers pursuant  
577 to this act.

578 Section 7. Contributions and Application of Special  
579 Public Revenues.

580 (a) Each authorizing subdivision of an innovation  
581 district, anything in this act or state law to the contrary  
582 notwithstanding, and to the extent permitted by the state  
583 constitution, may pledge or assign any special public revenues  
584 for the benefit of any district with respect to which it is an  
585 authorizing subdivision by specific provision in the  
586 authorizing resolution of the authorizing subdivision for the  
587 district, which provision shall specify the officer of the  
588 subdivision charged with performance of a pledge or assignment



## HB349 INTRODUCED

589 and the liquidated amounts in which, and dates on which, the  
590 special public revenues shall be delivered to the district in  
591 performance of the pledge or assignment. The inclusion of a  
592 description of the pledge or assignment of the special public  
593 revenues in the certificate of incorporation of the district,  
594 upon the incorporation of the district, shall constitute  
595 acceptance of, and reliance by the district upon, the  
596 continuing validity of the pledge or assignment of the special  
597 public revenues. The pledge or assignment of the special  
598 public revenues by the authorizing subdivision for the benefit  
599 of the district shall constitute a contractual agreement  
600 between the authorizing subdivision and the district and shall  
601 be enforceable by the district by all remedies available at  
602 law or in equity, including, but not limited to, an action for  
603 mandamus in a court of competent jurisdiction.

604 (b) An innovation district may use the proceeds of any  
605 special public revenues made available to the district,  
606 subject to the terms and conditions upon the special public  
607 revenues, for any lawful purpose the board of the district  
608 determines to be in furtherance of the purposes of this act,  
609 including, but not limited to, the gift, grant, guarantee,  
610 loan, or other form of contribution of all or any part of the  
611 special public revenues for the benefit of any person or  
612 persons, and the pledge of all or any part of the special  
613 public revenues for the benefit of any financial obligation or  
614 financial obligations of the district.

615 Section 8. Financial Obligations of an Innovation  
616 District.



## HB349 INTRODUCED

617 (a) Each district shall have, and may exercise as  
618 provided in Section 6(12), the authority and power to assume,  
619 incur, or issue, at any time and from time to time, any  
620 financial obligation or financial obligations, without  
621 limitation as to aggregate principal amount, as the board  
622 determines to be necessary or desirable for any lawful purpose  
623 of the district, including, but limited to:

624 (1) Payment of the costs of a project;

625 (2) Payment, in whole or in part, in advance or at  
626 stated maturity, of any financial obligation of the district;

627 (3) Provision for such reserves as may be required in  
628 connection with the financial obligations;

629 (4) Payment of any extraordinary, nonrecurring  
630 obligations, including, but not limited to, casualty losses,  
631 legal judgments, and contractual termination payments;

632 (5) Payment of administration and operation of  
633 projects; and

634 (6) Provision of funds to accomplish or effect any  
635 purpose of this act.

636 (b) Each financial obligation of an innovation district  
637 may be in such form and denomination and of such tenor and  
638 maturity or maturities, shall be payable in lawful currency of  
639 the United States in such installments as serial or term  
640 obligations or a combination thereof, and at such time or  
641 times, not exceeding 45 years from the date thereof, may be  
642 payable at such place or places whether within or without the  
643 state, may bear interest at such rate or rates payable at such  
644 time or times and at such place or places and evidenced in





## HB349 INTRODUCED

645 such manner, may be subject to prepayment or redemption in  
646 advance of maturity at such price or prices and upon such  
647 notice, terms, and conditions, and may contain such provisions  
648 which are not in violation of this act, all as provided in the  
649 applicable agreement, indenture, or resolution of the district  
650 that has authorized the incurrence or issuance thereof.

651 (c) An innovation district may provide that any  
652 financial obligation shall bear interest at a rate or rates  
653 fixed to maturity at the time of issuance or at a rate or  
654 rates which may be changed from time to time during the term  
655 of the financial obligation in accordance with an objective  
656 procedure determined by the board at the time of issuance of  
657 the financial obligation or in connection with published  
658 interest rates or indices that reflect an objective response  
659 to market changes in interest rates by financial institutions,  
660 governmental agencies, or other generally recognized public or  
661 private sources of information concerning interest rates.

662 (d) An innovation district shall have the authority and  
663 power to deliver and perform all agreements and contracts for  
664 the services of paying agents and trustees with respect to  
665 financial obligations incurred or issued under this act, for  
666 the purchase of any financial obligations issued under this  
667 act, and for the guarantee or insurance, pursuant to municipal  
668 bond insurance policies, letters of credit, standby purchase  
669 agreements, and other credit or liquidity facilities, of the  
670 payment, when due, of the principal of, and premium and  
671 interest on, any financial obligations so assumed, incurred,  
672 or issued by the district pursuant to this act.



## HB349 INTRODUCED

673 (e) An innovation district shall cause all financial  
674 obligations assumed, incurred, or issued by the district to be  
675 executed by manual or electronic signature of an officer or  
676 officers as authorized and provided in the agreement,  
677 indenture, or resolution of the district which authorized the  
678 financial obligation. A statement upon the signature page of a  
679 financial obligation of an innovation district that the  
680 financial obligation was issued under the seal of the district  
681 shall be conclusive for all purposes of state law. A financial  
682 obligation that has been executed by an officer or officers in  
683 office on the date of the execution shall be valid and  
684 enforceable, notwithstanding that before delivery of the  
685 financial obligation, any such officer whose signature appears  
686 thereon has ceased to hold such office.

687 (f) All financial obligations incurred or issued  
688 pursuant to this act by an innovation district may be sold at  
689 private or public sale at such price or prices and in such  
690 manner as the board shall determine.

691 (g) Each financial obligation of an innovation district  
692 is hereby made a negotiable instrument for all purposes;  
693 anything in state law, including, but not limited to, the  
694 Alabama Uniform Commercial Code, to the contrary  
695 notwithstanding and without regard to whether the financial  
696 obligation is of such form and character as to be a negotiable  
697 instrument under state law; provided, however, the district,  
698 in its discretion, may provide that any particular financial  
699 obligation shall not be negotiable or may be negotiable only  
700 upon such terms as the district shall proscribe.



## HB349 INTRODUCED

701           (h) (1) The district shall apply the proceeds of any  
702 financial obligation solely for the purposes for which the  
703 financial obligation has been incurred or issued, including,  
704 but not limited to, payment of the costs of incurrence or  
705 issuance of the financial obligations, including, but not  
706 limited to: (i) fees and expenses of attorneys, accountants,  
707 financial advisors, consultants, trustees and paying agents,  
708 and underwriters; and (ii) the costs of municipal bond  
709 insurance policies, letters of credit, and such other credit  
710 or liquidity facilities which provide for payment when due of  
711 all or part of the principal of, and premium and interest on,  
712 the financial obligations.

713           (2) The district may deposit in trust the proceeds of  
714 any financial obligation incurred or issued for payment of  
715 another financial obligation of the district, on such terms as  
716 the board approves, with a financial institution having trust  
717 powers within or without the state. The proceeds, to the  
718 extent required by the terms of and purpose of such trust, may  
719 be invested as provided for public funds of a municipality.

720           (i) The financial obligations of any district shall be  
721 legal investments in which the state and its agencies and  
722 instrumentalities, all subdivisions and public corporations  
723 organized under the laws of the state, all insurance companies  
724 and associations and other persons carrying on an insurance  
725 business, all banks, savings banks, savings and loan  
726 associations, trust companies, credit unions, and investment  
727 companies of any kind, all administrators, guardians,  
728 executors, trustees, and other fiduciaries, and all other



## HB349 INTRODUCED

729 persons whosoever are now or may hereafter be authorized to  
730 invest in financial obligations or other obligations of the  
731 state, may properly and legally invest funds in their control  
732 or belonging to them.

733 (j) The validity of any financial obligation that  
734 states therein that it is issued pursuant to this act, in any  
735 action or proceeding involving the validity thereof, shall be  
736 incontestable, and the financial obligation shall be  
737 conclusively deemed to be the valid financial obligation of  
738 the applicable district enforceable by all rights and remedies  
739 available at law or in equity under state law.

740 Section 9. Sources of Payment of, and Security for,  
741 Financial Obligations of an Innovation District.

742 (a) Each financial obligation or obligations of an  
743 innovation district shall be a limited obligation of the  
744 district payable solely from the sources of payment specified  
745 therein, subject to such limitations and provisions thereof,  
746 including, but not limited to, the issuance of financial  
747 obligations payable from the same source of funds on an equal  
748 and proportionate basis or on a subordinate basis, as the  
749 district may determine.

750 (b) The district may assign, mortgage, or pledge any  
751 property of the district to secure the payment and performance  
752 of any financial obligation of the district; provided, the  
753 district, in its discretion, may provide property as security  
754 for any one or more financial obligations of the district  
755 without, to the extent permitted by any applicable contractual  
756 agreements, provision of the same or any other any property as



## HB349 INTRODUCED

757 security for any other financial obligation or obligations of  
758 the district. In furtherance of this subsection, the district  
759 may deliver a contractual agreement to, or for the benefit of,  
760 the owner or owners of any financial obligation of the  
761 district, which agreement may contain such agreements,  
762 conditions, covenants, provisions, and terms as the district  
763 may determine to be necessary or desirable to provide for the  
764 protection and security of the owners of the financial  
765 obligations, including, but not limited to, restrictions on  
766 the use of the property of the district and the incurrence of  
767 additional financial obligations of the district, the terms  
768 for amendment, with and without the consent of the owner or  
769 owners, of the financial obligations and the documents  
770 pursuant to which such financial obligations were incurred or  
771 issued, providing for the rights, duties, and authority of a  
772 trustee, and providing for the exercise of legal and equitable  
773 rights and remedies by such owner or owners.

774 (c) Any assignment, mortgage, or pledge of property by  
775 the district for the benefit of any financial obligation shall  
776 be effective, valid, and binding from the time the assignment,  
777 mortgage, or pledge is made, and the property subject thereto  
778 shall immediately, or as soon thereafter as the district  
779 obtains any right thereto or interest therein, be subject to  
780 the assignment, mortgage, or pledge without physical delivery  
781 of the subject property or any agreement, document, or  
782 instrument providing therefor, or any further act, and the  
783 encumbrance and lien of any such assignment, mortgage, or  
784 pledge shall be effective, valid, and binding as against all



## HB349 INTRODUCED

785 persons having claims of any kind in tort, contract, or  
786 otherwise against the district, irrespective of whether such  
787 persons have actual notice thereof, from the time notice of  
788 the assignment, mortgage, or pledge is filed for record: (i)  
789 in the office of the judge of probate in which the certificate  
790 of incorporation of the district was filed for record; and  
791 (ii) in the case of any assignment, mortgage, or pledge of any  
792 tangible property, whether real, personal, or mixed, in the  
793 office of the judge of probate of the county in which the  
794 property is or is to be located pursuant to any agreement made  
795 by the district with any person respecting the location and  
796 use of the property. The notice shall contain a statement of  
797 the existence of any such assignment, mortgage, or pledge, a  
798 description of the subject property, and a description of the  
799 financial obligations secured thereby, all in terms sufficient  
800 to give notice to a reasonably prudent person of the existence  
801 and effect of any such assignment, mortgage, or pledge;  
802 provided, the notice may be in form of: (i) a summary  
803 statement; or (ii) an executed counterpart of the agreement,  
804 document, or instrument which contains the assignment,  
805 mortgage, or pledge. The recording of the notice shall operate  
806 as constructive notice of the contents thereof.

807 (d) All financial obligations assumed, incurred, or  
808 issued by an innovation district shall be solely and  
809 exclusively an obligation of the district and shall not create  
810 a direct, indirect, or contingent obligation or pecuniary  
811 liability, or general obligation, or charge against the  
812 general assets, credit, funds, property, revenues, or taxing



## HB349 INTRODUCED

813 power of the state or any subdivision, including, but not  
814 limited to, any authorizing subdivision.

815 (e) The owner or owners of any financial obligation or  
816 financial obligations of the district shall have no recourse  
817 against any incorporator, or any past, present, or future  
818 director, officer, employee, or agent of the district, or of  
819 any successor thereof, for the payment of any amount which  
820 shall have become due and payable under the financial  
821 obligation or financial obligations or for the payment or  
822 performance of any agreement, document, or instrument pursuant  
823 to which the financial obligation or financial obligations  
824 were assumed, incurred, or issued by which the financial  
825 obligation or financial obligations shall be secured.

826 Section 10. Validation of Financial Obligations of an  
827 Innovation District.

828 (a) An innovation district shall constitute a "unit"  
829 for purposes of Article 17 of Chapter 6 of Title 6 of the Code  
830 of Alabama 1975. An innovation district, in the determination  
831 of the board, may file a petition with respect to any  
832 financial obligation or financial obligations thereof pursuant  
833 to Article 17 of Chapter 6 of Title 6 of the Code of Alabama  
834 1975.

835 (b) (1) An innovation district, in the determination of  
836 the board and upon the adoption by the board of a resolution  
837 providing for the issuance of financial obligations, may cause  
838 a notice respecting the issuance of the financial obligations  
839 to be published once a week for two consecutive weeks in each  
840 county in which shall be located any project financed or in



## HB349 INTRODUCED

841 any way assisted by the issuance of the financial obligations.  
842 The publication in each such county shall be in a newspaper  
843 having general circulation therein and shall be in  
844 substantially the following form (the blanks being properly  
845 filled in) at the end of which shall be printed the name and  
846 title of either the chair or secretary of the district:  
847 " \_\_\_\_\_, a public corporation and  
848 instrumentality of the State of Alabama, on the \_\_\_\_\_ day of  
849 \_\_\_\_\_, authorized the issuance of \$ \_\_\_\_\_ principal  
850 amount of \_\_\_\_\_ (identification of the  
851 obligation) of the said public corporation for purposes  
852 authorized in the act of the Legislature of Alabama under  
853 which the public corporation was organized. Any action or  
854 proceeding questioning or contesting the validity of the said  
855 financial obligations, or the instruments securing the same,  
856 or the proceedings authorizing the same, must be commenced on  
857 or before \_\_\_\_\_ (here insert date determined in  
858 accordance with the provisions of the next paragraph of this  
859 section."

860 (2) The date stated in the notice as the date on or  
861 before which any action or proceeding questioning or  
862 contesting the validity of the financial obligations referred  
863 to in the notice must be commenced shall be a date at least 30  
864 days after the date on which occurs the last publication of  
865 the notice necessary for it to have been published at least  
866 once in all counties in which it is required to be published.  
867 Any action or proceeding in any court to set aside or question  
868 the proceedings for the issuance of the financial obligations





## HB349 INTRODUCED

869 referred to in the notice or to contest the validity of any  
870 such financial obligations, or the validity of any instruments  
871 securing the same, must be commenced on or before the date  
872 determined in accordance with the preceding sentence and  
873 stated in the notice as the date on or before which any such  
874 action or proceeding must be commenced. After that date, no  
875 right of action or defense shall be asserted questioning or  
876 contesting the validity of the financial obligation or the  
877 instruments securing the same, or the proceedings authorizing  
878 the same, nor shall the validity of such financial obligations  
879 or such instruments or proceedings be open to question in any  
880 court on any ground whatsoever, except in an action or  
881 proceeding commenced on or before that date.

882           Section 11. Special Authority of Public Persons to  
883 Support Districts.

884           (a) In furtherance of the public purposes of this  
885 chapter, the state and any public entity, upon such terms and  
886 with or without consideration as it may determine and in  
887 compliance with the state constitution, may undertake any of  
888 the following for the benefit of any district, without regard  
889 to whether any public entity may be an authorizing subdivision  
890 with respect to the district or may have a project located or  
891 undertaken within the jurisdiction thereof:

892           (1) Donate, grant, loan, or pledge to, or for the  
893 benefit of, any district any funds, revenues, or tax proceeds  
894 of the public entity;

895           (2) Perform services for the benefit of any district;

896           (3) Pay, commit to pay, or guarantee, on a continuing



## HB349 INTRODUCED

897 basis by contractual agreement, the payment when due of all or  
898 any part of the principal of, and premium and interest on, any  
899 financial obligation of an innovation district for such  
900 period, including the period ending on the stated maturity of  
901 the financial obligation, as the public entity may determine;

902 (4) Donate, sell, convey, transfer, lease, or grant any  
903 property to any district without the necessity of  
904 authorization at any election of qualified voters of the  
905 public entity;

906 (5) Do any and all things, whether or not specifically  
907 authorized in this act, not otherwise prohibited by law, that  
908 are necessary or desirable to aid and cooperate with any  
909 district with respect to any project or in furtherance of the  
910 public purposes of this act.

911 (b) The state and each public entity may assume, incur,  
912 or issue, by private or public sale in compliance with  
913 applicable state law and the state constitution, any financial  
914 obligation, as a general, limited, or special obligation  
915 thereof, to provide funds for any purpose of this section.

916 (c) The state and each public entity shall cause each  
917 contractual agreement or instrument delivered for any purpose  
918 in subsection (a) to provide for, or set forth, in the  
919 agreement or instrument: (i) the purpose of the agreement; and  
920 (ii) the authorization and direction of a specific officer or  
921 officers, by title or office, of the public entity to pay any  
922 pecuniary obligation of the public entity in lawful currency  
923 of the United States and in liquidated amounts when due on a  
924 date or dates certain, which amounts and dates of payment may



## HB349 INTRODUCED

925 be set forth in the agreement or instrument, or schedule  
926 thereto, or incorporated therein by specific reference.

927 (d) With specific regard to the state, the Governor or  
928 his or her designee shall have the express authority to enter  
929 into any contractual agreement or instrument, exercising the  
930 state's authority hereunder.

931 (e) Any court in the state having competent  
932 jurisdiction shall issue mandamus for the payment of any  
933 pecuniary obligation of the state or a public entity in a  
934 contractual agreement or instrument delivered pursuant to this  
935 section upon proper proof of nonpayment thereof, or failure of  
936 compliance with the provisions of law with respect thereto,  
937 being furnished by, or on behalf of, the district or any  
938 beneficiary of the pecuniary obligation of the state or the  
939 public entity under the contractual agreement or instrument.

940 Section 12. Audited Financial Statements.

941 (a) An innovation district shall be required to produce  
942 audited financial statements from a certified public  
943 accountant, or a firm thereof, regularly engaged in the  
944 auditing of financial records, or an auditor who is regularly  
945 employed by the Department of Examiners of Public Accounts,  
946 for each fiscal year and, when available, deliver the audited  
947 financial statements to each public entity that financially  
948 supports the district, if the district: (i) receives any  
949 special public revenues; (ii) receives any funds, proceeds, or  
950 revenues from any public entity; or (iii) issues any financial  
951 obligation.

952 (b) For purposes of this section, the person conducting



## HB349 INTRODUCED

953 an audit pursuant to subsection (a) must be a person who: (i)  
954 is in fact independent; (ii) does not have any direct  
955 financial interest or any material indirect financial interest  
956 in the district; and (iii) is not connected with the district  
957 or any officer, employee, promoter, underwriter, trustee,  
958 partner, director, or person performing similar functions.

959 Section 13. Exemption of District from Taxation.

960 Each district, and the projects thereof, shall be  
961 exempt from all fees, charges, and taxes levied by any judge  
962 of probate or taxing authority of the state, including, but  
963 not limited to, ad valorem taxes, privilege, license, and  
964 excise taxes, occupational taxes, business license taxes, and  
965 recording fees and taxes. The property and income of any  
966 district, all financial obligations of an innovation district,  
967 the income and interest from the financial obligations,  
968 conveyances by or to an innovation district, and leases,  
969 mortgages, and deeds of trust or trust indentures by or to an  
970 innovation district, shall be exempt from all taxation in the  
971 state.

972 Section 14. Exemption of District from Usury and  
973 Interest Laws.

974 Each district and the contractual agreements and  
975 financial obligations of the district shall be exempt from  
976 state laws governing usury or prescribing or limiting interest  
977 rates, including, but not limited to, Chapter 8 of Title 8 of  
978 the Code of Alabama 1975.

979 Section 15. Exemption of District from Competitive Bid  
980 Laws.



## HB349 INTRODUCED

981           Each district and all contractual agreements made by  
982 the district shall be exempt from state laws requiring  
983 competitive bids for any contract to be entered into by any  
984 public entity, including, but not limited to, Chapter 2 of  
985 Title 39 and Article 3 of Chapter 16 of Title 41, of the Code  
986 of Alabama 1975.

987           Section 16. Exemption of District from State Oversight.

988           Except as provided in this act, an innovation district  
989 shall not be required to obtain the approval or consent of, or  
990 make any filing with, or provide notice to the state or any  
991 state agency, department, or other instrumentality of the  
992 state, with respect to the incorporation or the amendment of  
993 the certificate of incorporation of the district, or the  
994 exercise of any authority or power provided in this act or  
995 permitted under state law.

996           Section 17. Applicability of Certain State Laws.

997           (a) An innovation district shall be subject to Chapter  
998 25 of Title 36 of the Code of Alabama 1975, but board members  
999 shall not be required to file a statement of economic  
1000 interests under Section 36-25-14 of the Code of Alabama 1975,  
1001 or any successor to that law.

1002           (b) Except as otherwise provided in this act, an  
1003 innovation district shall be subject to the Alabama Open  
1004 Meetings Act, Chapter 25A of Title 36 of the Code of Alabama  
1005 1975.

1006           Section 18. District shall be Nonprofit Corporation.

1007           An innovation district shall be a nonprofit  
1008 corporation, and no part of an innovation district's net



## HB349 INTRODUCED

1009 earnings remaining after payment of its expenses shall inure  
1010 to the benefit of any individual, firm, or corporation, except  
1011 that in the event a board shall determine that sufficient  
1012 provision has been made for the full payment of the expenses,  
1013 financial obligations, and other obligations of an innovation  
1014 district, then any portion, as determined by the board, of the  
1015 net earnings of an innovation district thereafter accruing, in  
1016 the discretion of the board, may be paid to one or more of the  
1017 district's authorizing subdivisions.

1018 Section 19. Dissolution of District; Vesting of Title  
1019 to Property of District.

1020 At any time when an innovation district has no  
1021 financial obligations or other executory agreements  
1022 outstanding, its board may adopt a resolution, which shall be  
1023 duly entered upon its minutes, declaring that the district  
1024 shall be dissolved. Upon filing for record of a certified copy  
1025 of the resolution in the office of the judge of probate with  
1026 which the district's certificate of incorporation is filed,  
1027 the district shall thereupon stand dissolved, and in the event  
1028 the district owned any property at the time of the  
1029 dissolution, the title to all its properties, subject to the  
1030 state constitution, thereupon shall vest in the district's  
1031 authorizing subdivision, or if the district has more than one  
1032 authorizing subdivision, in the district's authorizing  
1033 subdivisions as tenants in common.

1034 Section 20. Incorporation of Multiple Districts by Same  
1035 Authorizing Subdivision.

1036 The existence of an innovation district incorporated



## HB349 INTRODUCED

1037 under this act shall not prevent the subsequent incorporation  
1038 under this act of another district pursuant to authority  
1039 granted by the same authorizing subdivision.

1040 Section 21. Cumulative Effect of Chapter.

1041 The provisions of this chapter are cumulative and shall  
1042 not be deemed to repeal existing laws; provided, however, the  
1043 provisions of this act shall supersede any other laws to the  
1044 extent the laws are clearly inconsistent with the provisions  
1045 of this act.

1046 Section 22. This act shall become effective on June 1,  
1047 2024.